

Message Text

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PAGE 01 GENEVA 11734 01 OF 02 311811Z

ACTION EB-08

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TAGS: EGEN, UNCTAD

SUBJECT: UNCTAD: RESULTS OF IGG ON LEAST DEVELOPED
COUNTRIES, JULY 17-28

FOR AID/IIA/IA, EB/IFD/ODF AND IO/IEP

1. SUMMARY: UNCTAD INTERGOVERNMENTAL GROUP (IGG) ON LEAST DEVELOPED COUNTRIES (LLDCS) CONCLUDED JULY 28 WITH ADOPTION OF RESOLUTION REAFFIRMING NEED FOR ADDITIONAL EFFORTS TO ASSIST LLDCS IN TRANSFER OF RESOURCES, COMMERCIAL POLICY, AND COOPERATION AMONG DEVELOPING COUNTRIES, AND TO GIVE SPECIAL ATTENTION TO THE LLDCS IN PREPARATIONS FOR UNCTAD V AND THE THIRD DEVELOPMENT DECADE (DDIII). RESOLUTION REQUESTS CONSIDERATION OF NEW ACTION PROGRAM FOR LLDCS AT UNCTAD V, FOLLOW-UP TO UNCTAD RESOLUTION 98(IV) AND RECOMMENDATIONS OF DONOR-RECIPIENT MEETING OF NOVEMBER 1977, AND IMPLEMENTATION OF TOKYO DECLARATION PLEDGE TO GIVE SPECIAL TREATMENT TO LLDCS IN THE MTN. G-77 SPOKESMAN (AHMAD OF BANGLADESH MISSION IN GENEVA) MANAGED TO CONTROL HIS GROUP, BUT SPLITS BETWEEN THE LLDCS AND REST OF G-77 WERE EVIDENT, LIMITED OFFICIAL USE

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PAGE 02 GENEVA 11734 01 OF 02 311811Z

ESPECIALLY ON COOPERATION ISSUES (TCDC/ECDC), DISTRIBUTION OF AID, AND COMMERCIAL POLICY. GROUP B, UNDER FRENCH LEADERSHIP, MAINTAINED SOLID, UNIFIED POSITION ON ALL MAJOR ISSUES. GROUP D AND CHINESE PARTICIPATION WERE MINIMAL. IGGG REVEALED THAT NEW ACTION PROGRAM FOR LLDCS IN THE 1980S WILL UNDOUBTEDLY BE ONE OF PRINCIPAL DEMANDS OF LLDCS AT UNCTAD V. END SUMMARY.

2. MAIN ISSUES IN NEGOTIATIONS CENTERED ON G-77 DEMANDS FOR A) ACCEPTANCE OF A NEW "CRASH PROGRAM" TO ASSIST LLDCS; B) DOUBLING OF NET FLOW OF ODA TO LLDCS BY 1980; C) MORE ATTENTION TO LLDC COMMERCIAL NEEDS; AND D) ACCEPTANCE OF PRINCIPLE OF AUTOMATIC TRANSFERS FROM DCS TO LLDCS THROUGH DEVELOPMENT TAXES, ETC. ON EACH OF THESE ISSUES, RESOLUTION LANGUAGE WAS NEGOTIATED THAT WAS ACCEPTABLE TO GROUP B. (TEXT OF RESOLUTION BEING SENT BY AIRGRAM).

3. CRASH PROGRAM: THIS IDEA, FIRST INTRODUCED IN SECRETARIAT'S ISSUES PAPER, WAS STRONGLY SUPPORTED BY G-77. RESOLUTION, HOWEVER, STATES ONLY THAT "FULL CONSIDERATION" SHOULD BE GIVEN AT UNCTAD V TO "LAUNCHING A SUBSTANTIAL NEW PROGRAM OF ACTION FOR THE 1980'S FOR THE LLDCS, AND REQUESTS THE SYG OF UNCTAD TO PREPARE A DOCUMENT TO OUTLINE TO PREPARE A DOCUMENT TO OUTLINE SUCH A PROGRAM. ALTHOUGH NO GROUP B COUNTRY WAS PREPARED TO MAKE A COMMITMENT TO SUCH A PROGRAM NOW, GROUP B DID FEEL THAT ECONOMIC PROBLEMS OF LLDCS WOULD MERIT CONSIDERATION AND POSSIBLY NEW ACTION AT UNCTAD V. IT WAS THOUGHT THAT SOME GENERALIZED PROGRAM FOR THE LLDCS LINKING DIFFERENT TYPES OF ACTION (E.G. AID, TRADE) MAY BE WORTHY OF CONSIDERATION.

4. DOUBLING OF AID BY 1980: US AND OTHER GROUP B MEMBERS MADE CLEAR AT OUTSET THAT THIS WAS TOTALLY UNACCEPTABLE. LIMITED OFFICIAL USE

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PAGE 03 GENEVA 11734 01 OF 02 311811Z

AFTER INITIAL STRONG PUSH, G-77 GAVE IN AND ACCEPTED DONOR-RECIPIENT MEETING FORMULATION WHICH OMITTS TIME LIMIT. APPARENTLY LLDCS HAD LITTLE SUPPORT ON THIS ISSUE FROM REST OF G-77, WHO WERE SENSITIVE TO GROUP B ARGUMENT THAT DOUBLING IN THE SHORT TERM WOULD INEVITABLY BE AT EXPENSE OF OTHER LDCS.

5. COMMERCIAL POLICY: INITIAL CRITICISM OF DCS FOR "LACK OF POLITICAL WILL" AND LACK OF ACTION IN MTN WAS CONSIDERABLY TONED DOWN IN FINAL RESOLUTION, WHICH URGES IMPLEMENTATION OF TOKYO DECLARATION, TRANSIT IMPROVEMENTS FOR LAND-LOCKED LDCS, AND ASSISTANCE PROJECTS TO PROMOTE LLDC EXPORTS (WITH THE SUGGESTION THAT INTERNATIONAL COMMUNITY CONSIDER LIBERALIZING PARTICULAR BARRIERS TO MARKET ACCESS FOR THE PRODUCTS CONCERNED). RESOLUTION ALSO URGES PREFERENCE-GIVING COUNTRIES TO TAKE FURTHER STEPS TO INCLUDE PRESENT AND POTENTIAL LLDC EXPORTS IN THEIR GSP SCHEMES, AS APPROPRIATE, AND URGES DCS "TO CONSIDER" ESTABLISHING CENTERS IN THEIR COUNTRIES TO PROMOTE IMPORTS FROM LLDCS.

6. AUTOMATIC TRANSFERS: THIS IDEA WAS ALSO INTRODUCED BY THE UNCTAD SECRETARIAT AS PART OF ITS CAMPAIGN TO LAY THE

GROUNDWORK FOR EVENTUAL ACCEPTANCE OF THIS CONCEPT BY THE INTERNATIONAL COMMUNITY AT SOME FUTURE DATE. SINCE GROUP B WAS UNANIMOUS IN REJECTING AUTOMATIC TRANSFERS, THE FINAL RESOLUTION MERELY NOTES THAT THE G-77 HAS INVITED THE DCS "TO GIVE FURTHER CONSIDERATION" TO THE IDEA.

7. ECDC: SECTION OF RESOLUTION ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES (ECDC) ENDIRSES THE IDEA OF PREFERENTIAL ARRANGEMENTS AMONG LDCS PROVIDING FOR SPECIAL NON-RECIPROCAL BENEFITS TO THE LLDCS, BEARING IN MIND THE RULES OF INTERNATIONAL TRADE. IT ALSO RECOMMENDS THAT BILATERAL AND MULTILATERAL DONOR INSTITUTIONS HELP FINANCE REGIONAL COOPERATION ARRANGEMENTS, WHERE APPROPRIATE, AND

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PAGE 01 GENEVA 11734 02 OF 02 311819Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 11734

FOR AID/IIA/IA, EB/IFD/ODF AND IO/IEP

INVITES THE UN CONFERENCE ON TCDC TO GIVE SPECIAL ATTENTION TO LLDC NEEDS. (COMMENT: AN EARLIER SECRETARIAT DRAFT RESOLUTION CALLED ON THE MORE ADVANCED LDCS TO PROVIDE TECHNICAL ASSISTANCE TO THE LLDCS THAT COULD BE FINANCED THROUGH DONOR INSTITUTIONS. BRAZIL AND IRAN, HOWEVER, INSISTED THAT THIS IDEA BE DELETED. END COMMENT).

8. OTHER ISSUES: LENGTHY SECTION OF RESOLUTION ON FINANCIAL AND TECHNICAL ASSISTANCE IS LARGELY REPETITION OF FIRST IGG, UNCTAD IV AND DONOR-RECIPIENT MEETING RESOLUTIONS. IN ADDITION, RESOLUTION NOTES TDB MINISTERIAL RESOLUTION ON DEBT, DAC RECOMMENDATION THAT ODA TO LLDCS BE EXTENDED

ESSENTIALLY IN FORM OF GRANTS, AND DAC GUIDELINES ON LOCAL COST FINANCING.

9. FINAL PLENARY: FINAL STATEMENT BY G-77 SPOKESMAN EXPRESSED DISAPPOINTMENT THAT MORE CONCRETE RESULTS WERE NOT ACHIEVED AT IGG, BUT CONVEYED HOPE THAT NEW PROGRAM OF ACTION WILL BE ESTABLISHED THAT WILL BENEFIT LLDCS. G-77 LIMITED OFFICIAL USE

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PAGE 02 GENEVA 11734 02 OF 02 311819Z

SPOKESMAN, SUPPORTED BY INDIA AND VENEZUELA, ALSO MADE A SPECIAL POINT OF INSISTING THAT PARAGRAPH 3 OF SECTION III OF RESOLUTION, WHICH CALLS ON INTERNATIONAL COMMUNITY TO ASSIST LLDCS IN EXPANDING EXPORTS AND TO CONSIDER LIBERALIZING BARRIERS TO MARKET ACCESS FOR THESE EXPORTS, SHOULD APPLY EXCLUSIVELY TO DCS. GROUP D (USSR) ENTERED USUAL DISCLAIMER THAT IT HAD NOT MADE ANY FINANCIAL OR TECHNICAL ASSISTANCE COMMITMENTS, AND STATED THAT ITS RESERVATIONS ON UNCTAD RESOLUTION 98(IV) STILL STAND.

10. GENERAL DEBATE: FIRST PART OF MEETING WAS DEVOTED TO FORMAL STATEMENTS BY GROUP SPOKESMEN AND A NUMBER OF INDIVIDUAL COUNTRIES--INCLUDING THE U.S. G-77--USING POINTS MADE IN SECRETARIAT'S ISSUES NOTE--EMPHASIZED DECLINE IN ODA FLOWS IN 1976 DOLLARS FOR PERIOD 1972-76 FOR SOME DAC MEMBERS, GENERAL LACK OF ECONOMIC PROGRESS BY LLDCS, LACK OF PROGRESS IN TRADE NEGOTIATIONS, AND NEED FOR "CRASH PROGRAM" AND "AUTOMATIC TRANSFERS" TO RESOLVE THE DIFFICULTIES. GROUP B REAFFIRMED COMMITMENT TO ASSIST, CRITICIZED SECRETARIAT'S EXCESSIVELY "GROWTH-ORIENTED" APPROACH IN DOCUMENTATION (VIRTUALLY IGNORING SOCIAL INDICATORS), AND CALLED FOR EFFORTS BY ENTIRE INTERNATIONAL COMMUNITY TO HELP RESOLVE HARD-CORE STRUCTURAL PROBLEMS OF LLDCS. STATEMENTS BY LLDC REPRESENTATIVES STRESSED URGENT NEED FOR INCREASED ASSISTANCE AND SEVERAL EMPHASIZED DIFFICULTIES IN AID DELIVERY. LESOTHO MINISTER OF COMMERCE CITED SEVERAL EXAMPLES PURPORTING TO SHOW INFLEXIBILITY AND MANIPULATION BY DONOR AGENCIES.

11. US STATEMENT: FOLLOWING ARE MAJOR POINTS MADE IN U.S. STATEMENT--FULL TEXT OF WHICH IS BEING TRANSMITTED BY AIRGRAM. A) U.S. ASSISTANCE TO LLDCS ACCOUNTS FOR 20 OF TOTAL BILATERAL ASSISTANCE AND ADDITIONAL ALLOCATIONS HAVE LIMITED OFFICIAL USE

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PAGE 03 GENEVA 11734 02 OF 02 311819Z

BEEN REQUESTED, B) LARGE PERCENTAGE OF U.S. IMPORTS FROM LLDCS IN 1977 ENTERED DUTY-FREE, EITHER ON MFN BASIS OR

THROUGH OUR GSP; C) LEGISLATION IS PENDING IN CONGRESS WHICH WOULD ALLOW EASING TERMS OF PAST U.S. LOANS ON A CASE-BY-CASE BASIS TO LLDCS, IN ACCORDANCE WITH UNCTAD MINISTERIAL RESOLUTION OF MARCH 1978; D) USAID MISSIONS IN LLDCS ARE READY TO DISCUSS WITH HOST GOVERNMENTS IMPLEMENTATION OF DONOR-RECIPIENT MEETING RECOMMENDATIONS ON DELIVERY OF ASSISTANCE.

12. COMMENT: IGG DEMONSTRATED THAT LLDCS WILL SEEK TO FOCUS A GREAT DEAL OF ATTENTION ON THEIR NEEDS AND CONCERNS AT UNCTAD V AND IN FORMULATING A STRATEGY FOR DDIII. SINCE UNCTAD SECRETARIAT NOW HAS MANDATE TO OUTLINE POSSIBLE NEW PROGRAM OF ACTION FOR LLDCS TO BE CONSIDERED AT UNCTAD V, GROUP B WOULD BE WELL ADVISED TO DEVELOP ITS OWN IDEAS FOR A POSSIBLE ACTION PROGRAM AND TO INFLUENCE THINKING OF THE SECRETARIAT AND KEY MEMBERS OF THE G-77 PRIOR TO UNCTAD V. IGG MAY HAVE ENCOURAGED SOME LLDCS TO SEEK COUNTRY-LEVEL IMPLEMENTATION OF DONOR-RECIPIENT RECOMMENDATIONS ON AID DELIVERY PROBLEMS. IGG ALSO REVEALED DISUNITY WITHIN THE G-77 ON LLDC ISSUES, AS BANGLADESH SPOKESMAN WAS CRITICIZED BY SOME AFRICAN LLDCS FOR NOT BEING TOUGH ENOUGH WITH GROUP B, WHILE CERTAIN NON-LLDCS (E.G. INDIA, BRAZIL AND IRAN) REFUSED TO AGREE TO ANY MEASURES WHICH MIGHT IMPLY THAT MIDDLE INCOME LDCS SHOULD ASSIST LLDCS OR THAT LLDCS SHOULD RECEIVE A LARGER SHARE OF GLOBAL FOREIGN ASSISTANCE. SORENSON

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